

ARIZONA DEPARTMENT OF ECONOMIC SECURITY
"Quality Service • Organizational Pride • Client Self-Sufficiency"
Division of Employment and Rehabilitation Services
Employment Administration

**WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK TAX CREDIT:
How to Qualify and Participate**

- **Employers earn federal tax credits.**
- **Job seekers from ten targeted groups most in need of employment will be recruited for jobs.**

WHAT ARE THE TAX CREDITS?

The Work Opportunity Tax Credit (WOTC):

New hires employed 400 hours or more is 40% (\$2,400); employed at least 120 hours but fewer than 400 hours, 25% (\$1,500) of qualified wages for the first year of employment capped at \$6,000. For **summer youth** who work at least 400 or more hours is 40% (\$1,200), and employed less than 400 hours - 25% (\$750) of the first \$3,000.

The Welfare-to-Work Tax Credit (WtWTC):

New hires employed 400 or more hours or 180 days is 35% (\$3,500) of qualified wages for the first year of employment and 50% (\$5,000) for the second year of employment.

APPLYING FOR WOTC TAX SAVINGS TAKES THREE SIMPLE STEPS

Employers must do the following:

- Have the job seeker complete page one and employer complete page two of the **Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-To-Work Credits**, IRS Form 8850, **both sides must be completed** on or before the day a job is offered.
- Complete either of the following Department of Labor forms:
 - ETA Form 9061, Individual Characteristic Form, if the new employee has not been conditionally certified; or
 - ETA Form 9062, Conditional Certification Form, if provided to the job seeker by a Participating Agency.
- **Mail the completed IRS and ETA forms to: E&T Special Programs Office 734T, P O Box 6123, Phoenix, Arizona 85005-6123, within 21 calendar days of the employee's start date.**

Job seekers are encouraged to register for work and obtain a conditional certification with the DES Arizona Job Service or at their local community based organization.

WHERE DO YOU FIND WOTC/WtWTC ELIGIBLE APPLICANTS OR EMPLOYERS?

At your nearest Arizona Job Service Office. Employers can place job orders with the Job Service or in Tucson Order Control (520) 584-8172.

WHO DOESN'T QUALIFY?

There are only four limits on an employer's use of the WOTC/WtWTC programs:

- No tax credit can be claimed on wages paid to relatives.
- No tax credit can be claimed for federally subsidized on-the-job-training; however, wages paid after the subsidy expires can qualify for the credits.

- The WOTC and WtWTC cannot both be claimed for the same individual in the same taxable year.
- No tax credit can be claimed on re-hires.

FOR MORE INFORMATION

- For information on the tax-related aspects of the WOTC and WtWTC, call Internal Revenue Service (IRS).
- For questions and additional information regarding the target groups definitions and certification process call (602) 542-0398 or (602) 542-9117.

FIND OUT IF YOUR EMPLOYEE IS WILLING TO PROVIDE THE REQUIRED INFORMATION. PARTICIPATION IS VOLUNTARY.

THE TARGETED GROUPS ARE AS FOLLOWS:

THE WORK OPPORTUNITY TAX CREDIT

QUALIFIED IV-A RECIPIENT - A member of a family that received assistance from Aid to Families with Dependent Children (AFDC), Temporary Assistance for Needy Families (TANF), or benefits under a successor program for any 9 months during the 18-month period ending on the hiring date.

QUALIFIED VETERAN – veteran and a member of a family that received food stamps for at least a 3-month period within the last 15 months period ending on the hiring date.

QUALIFIED EX-FELON - An individual, who has a hiring date which is not more than one year after the last date he/she was convicted or released from prison and is a member of an economically disadvantaged family (annual basis of 70% or less of the Bureau of Labor Statistics Lower Living Standard listed below).

HIGH-RISK YOUTH - An individual who is at least age 18 but not yet age 25 on the hiring date and lives in an Empowerment Zone, Enterprise Community, or Renewal Community. **NOTE: The Urban Round 1 Enterprise communities in Phoenix and the Rural Round 1 Enterprise communities in The Arizona Border Region have expired as of December 31, 2004.**

VOCATIONAL REHABILITATION REFERRAL - An individual receiving or has received (up to two years after receipt of last services) Rehabilitation Services through a State Rehabilitation Services program or the Veterans' Administration.

TICKET TO WORK PROGRAM – The Ticket to Work Program assists Social Security Disability (SSDI) and Supplemental Security Income beneficiaries (SSI) with disabilities with the training and support they need to go to work by increasing their choice of employment, vocational rehabilitation (VR) and other support services from public and private providers (Employment Networks). The Ticket to Work Program is flexible and voluntary; most Social Security beneficiaries with disabilities qualify. For more information about the Ticket to Work Program, visit: <http://www.socialsecurity.gov/work>

QUALIFIED SUMMER YOUTH - An individual who performs services for the employer between May 1 and September 15, is age 16 but not 18 on the hiring date and lives in an Empowerment Zone, Enterprise Community or Renewal Community. **NOTE: The Urban Round 1 Enterprise communities in Phoenix and the Rural Round 1 Enterprise communities in The Arizona Border Region have expired as of December 31, 2004.**

QUALIFIED FOOD STAMP RECIPIENT - An individual who is at least age 18 but not yet 25, and is a member of a family that has received food stamps for the last 6 months or received food stamps for at least 3 of the last 5 months, BUT is no longer eligible to receive them. (Ending on the hiring date.)

QUALIFIED SUPPLEMENTAL SECURITY INCOME (SSI) RECIPIENT - An individual who received SSI benefits for any month ending within the 60-day period ending on the hiring date.

THE WELFARE-TO-WORK TAX CREDIT

An Individual may be certified as a long-term family assistance recipient if he or she is a member of a family that:

Received AFDC or TANF payments for at least 18 consecutive months before the date of hire, or

Received AFDC or TANF payments for any 18 months beginning after August 5, 1997, and has a hiring date that is not more than two years after the end of the earliest 18-month period **or**

Stopped being eligible for AFDC or TANF payments after August 5, 1997, because Federal or state law for applicants hired within two years after their eligibility expired.

70% LOWER LIVING STANDARD INCOME LEVEL (LLSIL) TABLE INCOME ELIGIBILITY GUIDELINES FOR INDIVIDUALS WHO BEGAN WORK ON/AFTER MAY 11, 2005						
FAMILY SIZE: MARICOPA AND PIMA COUNTIES (METRO)						
1	2	3	4	5	6	EACH ADDITIONAL PERSON ADD
8,360	13,700	18,810	23,220	27,400	32,050	4,650
FAMILY SIZE: OTHER COUNTIES (NON-METRO)						
1	2	3	4	5	6	EACH ADDITIONAL PERSON ADD
8,070	13,230	18,160	22,410	26,450	30,930	4,480